

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT



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OPM Director James Directs Agency to Review Options for Extending New Benefit to 3.1 Million Members of the Federal Family

*New Medicare law provides new Health Savings Accounts that can save employees
thousands of dollars over their lifetimes*

Washington, DC – U.S. Office of Personnel Management (OPM) Director Kay Coles James announced today that OPM has begun a review of Health Savings Accounts (HSAs) and their role within the Federal Employees Health Benefits Program (FEHB). This action is consistent with the Bush Administration's efforts to provide Federal employees with benefit options that empower personal decision-making and maximize an employee's ability to put more of their hard-earned dollars to work for their needs and those of their families.

OPM will seek to identify opportunities to include HSAs within the FEHB, the largest employer sponsored insurance program in the world, to further the options for Federal employees, annuitants and survivors, and their families. HSAs are available to anyone under age 65 who has a qualifying health plan; there are 3.1 million individuals covered by FEHB that meet this test.

"OPM will try to identify ways to help those in the Federal Team save some of their hard earned money by looking for ways to provide access to HSAs in an effort to further the number of options available to them under the FEHB program," Director James said. "Money that individuals put into HSAs is not taxable and individuals can sock away the amount of the deductibles on their health plans up to \$2600 for individuals or up to \$5,150 for families. And just as important, these HSAs are portable, owned by the

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employee, so if the employee changes jobs, the HSA goes with them. HSAs would offer greater flexibility for the Federal team members and their families to make decisions on how to spend their hard-earned dollars on health care. The Bush Administration supports competition and consumer choice, and we will lead the charge by finding ways to provide HSAs in the largest insurance program in the world.”

HSAs were created by the Medicare bill signed by President Bush on December 8, 2003, and are designed to help individuals save for qualified medical and retiree health expenses on a tax-free basis. Under the HSAs established in the Medicare bill, individuals over the age of 55 can make extra contributions to their accounts and still enjoy the same tax advantages.

“Our experience in the first year with consumer-driven plans, which have higher deductibles, upholds what we have long believed — employees are definitely willing to enroll in programs that require their personal attention to health care costs and involve more personal judgment and decision-making. Fundamentally, Federal employees, like other well informed consumers, are wise enough to make decisions that ultimately lead to improved health,” James added. “OPM will explore whether options may be available for the Federal team in 2004 and will ask carriers to consider proposals that would include HSAs for programs in 2005.”

For more information please contact the OPM Office of Communications at 202-606-2402.

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OPM oversees the Federal work force and provides the American public with up-to-date employment information. OPM also supports U.S. agencies with personnel services and policy leadership including staffing tools, guidance on labor-management relations and programs to improve work force performance.